United Nations E/2005/SR.10

# Economic and Social Council

Provisional

11 July 2005

Original: English

**Substantive session of 2005**

**High-level segment**

**Provisional summary record of the 10th meeting**
Held at Headquarters, New York, on Wednesday, 29 June 2005, at 10 a.m.

*President:* Mr. Akram ..... (Pakistan)

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05-40246 (E)

*The meeting was called to order at 10.10 a.m.*

**Opening of the session**

1. **The President** declared open the substantive session of 2005.

**Adoption of the agenda and other organizational matters** (E/2005/49, E/2005/64, E/2005/76, E/2005/100, E/2005/L.9, E/2005/L.10 and E/2005/CRP.2)

2. *The agenda, as contained in document E/2005/100, was adopted.*

3. **The President** drew attention to the proposed programme of work contained in E/2005/L.9 and the oral revisions made during informal consultations.

4. *The proposed programme of work, as orally revised, was adopted.*

5. **The President** drew attention to the requests from non-governmental organizations for hearings before the Economic and Social Council contained in document E/2005/76. He would take it that the Council agreed to hear statements by some of the non-governmental organizations listed therein.

6. *It was so decided.*

**Statement by the President**

7. **The President** said that there was a sense of urgency in the deliberations of the Council to respond to the challenge of development. At the current pace, the Millennium Development Goals might not be realized for a hundred years or more. Yet there was hope that the political will was being generated to succeed in meeting the challenge of redressing extreme poverty, hunger and disease. The world had the financial, human, technological and institutional capabilities to meet the Millennium Development Goals, and indeed, many developing countries were meeting the challenge of growth and development.

8. He congratulated the European Union for its commitment to the 0.7 per cent target for official development assistance and the timetable for its implementation, as he welcomed the agreement of the Finance Ministers of the group of eight major industrialized countries to cancel the debt of the 18 poorest countries.

9. Developing countries, including the poorest in Africa, accepted their responsibility for their own development. Good national policies and governance were a prerequisite, but the enormity of the challenges they faced and the external vulnerabilities that impacted on their endeavours must not be minimized. Solutions for global underdevelopment must be comprehensive and coherent, encompassing adequate external financing for development, trade opportunities and good global governance. Such comprehensive and coherent solutions could be evolved only within the framework of the United Nations and its economic and social arm, the Economic and Social Council.

**Address by the Secretary-General of the United Nations**

10. **The Secretary-General** said that the state of the world economy remained robust. One of the more striking aspects of the strong growth seen in recent years was that it was widespread among developing countries and economies in transition. Another was the resurgence of growth in sub-Saharan Africa, with many countries achieving annual per capita growth of 3 per cent, expected to reach 5 per cent in 2005.

11. Those promising trends were not free from risk, such as higher oil prices and the current global economic imbalances in trade, which could stall momentum. The biggest challenge remained: to translate growth into development for all. Economic growth was vital, but not sufficient by itself. If economic growth was to make greater inroads against poverty, there was a need for smarter policies, more resources and closer partnerships. Only then would the benefits of globalization reach all people, including those who needed it most. The 2005 World Summit offered a once-in-a-generation opportunity to boost efforts to reach the Goals, and to advance the broader development agenda.

12. He hoped other donors would follow the lead of the European Union, which had agreed to a substantial increase in official development assistance over the next decade, half of which would be used in Africa. The commitment of the Group of Eight to reach agreements on significant debt relief for the poorest countries was another very promising step. He hoped that similar political will could be brought to bear for the successful conclusion of the Doha Round of trade negotiations, so that developing countries could compete in the global trading system on a fair and

equal basis. Of course, developing countries must do their part by devising national strategies bold enough to meet the Goals, promoting accountable and transparent governance, adopting policies to stimulate the private sector and investing in human capital through education and health.

13. Such steps were vital, but development would be neither meaningful nor sustainable unless security and respect for human rights were also ensured. Developing countries suffered disproportionately from armed conflict, the proliferation of small arms and denial of human rights. Their development prospects would be dealt a blow should there be a collapse of the international regimes currently holding in check the spread of nuclear, chemical and biological weapons. An expensive arms race would divert even more funds from development, and any use of a nuclear weapon would have devastating effects on the world economy as a whole. There must be simultaneous progress on the development, security and human rights fronts.

14. As a central body for articulating development policy and ensuring policy coherence, the Economic and Social Council had unique strengths. It was well-placed to promote an integrated approach to development, as the only organ mandated to coordinate the activities of the United Nations system and engage with non-governmental organizations. Its current task was to follow through on the development commitments that had emerged from the conferences and summits of the past decade.

15. There were three related dimensions of that "implementation challenge". First, in order to bring the various strands of implementation together, he had suggested that the Council should hold annual ministerial-level assessments, which, if approached in a participatory way, could help maintain momentum towards the Goals. Second, policy discussions must be connected in a much more systematic manner with operational activities on the ground by bringing together all key development actors to address all aspects of development cooperation. With that in mind, he had called on the Council to convene a biennial, high-level Development Cooperation Forum. Third, threats and challenges in the economic and social area must be met with the same urgency that was brought to peace and security crises. The international community could not predict, but it could prepare, through effective early warning and a strong culture of prevention. The Council was well suited to these coordination tasks but it could not deal with them only at its annual substantive session. Therefore, he had recommended that the Council should hold timely meetings to respond to events that might seriously affect development progress.

16. Such steps were intended to make the Council more flexible and dynamic, and ultimately more relevant to those who looked to it for guidance. He had also called on the Council to reinforce its links with the Security Council in order to deal more systematically with the economic and social dimensions of conflicts, and to work closely with the proposed Peacebuilding Commission, building on its efforts over the years to sensitize the world to the special economic and social challenges facing countries emerging from conflict.

17. Despite differences, agreement was within reach on many of the main issues and proposals put forward in the draft Summit outcome document. Every effort must be made to ensure that the 2005 World Summit took bold steps towards making poverty history.

**Voices against poverty**

18. **Mr. Stiglitz** (Nobel Laureate in Economics, 2001) said that the international community understood the need to reach the Millennium Development Goals, and had reached a consensus that more resources were needed. However, more than aid was required. Initiatives at the international level were needed in the areas of trade, global financial stability and innovative finance.

19. He welcomed the Doha round of trade negotiations, but had been saddened by some of the recent developments. He welcomed the recent European Union "everything but arms" trade initiative, but regretted that many countries had reneged on their commitments in that area. A true development round of trade negotiations would deal with more than agriculture and would address a broad agenda. A fair international trading regime would aid progress towards the Millennium Development Goals.

20. Increasing global financial instability indicated that the group of eight major industrialized countries and the International Monetary Fund (IMF) had not been paying enough attention to that area. The deeper questions were why the developing countries had suffered so much from instability, and why it was so widespread. The answer lay at least in part in a massive market failure, where it was not those most able, the

industrialized countries, but the developing countries who bore most of the global financial risk. Debt levels had become unbearable, as most Latin American countries could attest. The IMF should take the initiative to shift risk away from developing countries and design loans to make the risk of interest and exchange rate fluctuations easier to bear.

21. The macroeconomic policy of the United States and the underlying structural problems of the global resource distribution system were responsible for the high level of global financial instability. There was an underlying inequity in a system which required developing countries to put aside huge financial reserves, effectively burying them in the ground, rather than using them to stimulate their economies. That amounted to lending to the richest country in the world at interest rates below 3 per cent, while borrowing from it at rates of 10, 15 or even 20 per cent, resulting in a net flow of resources to the richest country. If the global reserve system could be changed, not only would the money necessary to meet the Goals be available, but the deflationary pressure on the global economy that the reserves represented would be eliminated. In effect the United States was receiving billions of dollars in assistance every day from the developing world, and it was time to think about an alternative system.

22. The developing countries provided services to the world — such as environmental services and preservation of biodiversity — for which they were not compensated. Under the Kyoto Protocol, it was possible to place a monetary value on their services in the area of greenhouse gases, which could be a source of development finance. Deforestation was also a significant problem because of its contribution to global warming; through the Rainforest Coalition and other similar groups, developing countries could be compensated for carbon sequestration. It was not just a matter of fairness, but it gave them an economic incentive to care for global resources.

23. **Mr. Somavia** (Director-General, International Labour Organization) said that while political and economic progress was evident in many spheres, as evidenced by recent pledges for greater debt relief and higher ODA commitments, much still remained to be done. A deep-rooted anxiety prevailed in the world. Consequently people were looking for scapegoats and finding them in, inter alia, regional and international institutions, the issue of migration and globalization.

24. In his view, the main challenge was to solve the employment problem globally. People everywhere wanted a fair chance at a decent job. The Goals pointed in the right direction as they called for young people to be given a chance to find decent and productive work — work that respected core labour standards and offered social protection. The Secretary-General's report (A/59/2005) had stressed the importance of expanding that right to all able bodied men and women. Creating employment globally was critical to reaching the development goals and addressing unemployment. While in 2004 global economic growth had reached 5 per cent, only 500,000 new jobs had been created worldwide, and in some regions the informal economy had accounted for about 90 per cent of these jobs.

25. The crisis in the job market was the pressing political issue of the day. Much was at stake if the problem was not addressed: the credibility of democracy in Latin America, the viability of open markets and the durability of regional integration. Progress was being made at the regional level; for example, the African Union now saw employment as a key way out of poverty; employment was part of the European Union's social agenda; and most Governments of the Middle East had identified unemployment as a major source of instability.

26. However, the issue was given scant attention at the United Nations. He wondered what the Council was planning to do about global unemployment and noted that, as a global forum with important coordinating functions, it had a unique opportunity to help solve one of the main issues of the present day.

27. **Mr. Guterres** (United Nations High Commissioner for Refugees) said that refugees and displaced persons remained voiceless in the international community. Millions of such people were victims of human rights abuses, war and conflict and had no access to the benefits of the Millennium Development Goals.

28. Three issues needed to be addressed. Firstly, the voices of all groups of people should be taken into account; that called for institutional changes. National millennium development strategie. seldom included displaced persons in their plans. A recent review of the Poverty Reduction Strategy Papers (PRSPs) and of United Nations Development Assistance Frameworks (UNDAF), for example, found that displaced persons

were often depicted negatively, yet such people had skills and could contribute to the attainment of the Goals.

29. Secondly, even though many of the poorest people lived in conflict-ridden countries or nations just emerging from strife, scant attention was paid to the linkage between conflict and the Millennium Development Goals. The Secretary-General had himself clearly emphasized that security, development and human rights were interdependent.

30. Thirdly, there was an enormous gap between relief and development; that was due, in large measure, to insufficient efforts on the part of the humanitarian agencies to participate in discussions and policy formulation of the Goals and to listen to the voice of the poor.

31. He stressed that the goals of poverty eradication, achieving universal primary education and promoting gender equality were equally important to humanitarian and development actors. In conflict and post-conflict situations, humanitarian assistance must lay the basis for longer-term development to attain the Millennium Development Goals. Indeed, strategies for attaining those Goals should incorporate a conflict-prevention lens. Only then could a country reduce the odds of its sliding back into violence within five years of the end of a conflict.

**High-level policy dialogue and discussion on important developments in the world economy and international cooperation with the heads of financial and trade institutions of the United Nations system**

32. **Mr. Ocampo** (Under-Secretary-General for Economic and Social Affairs) said that the anticipated growth of the world economy in the period 2004-2006 was not only stronger than in the past few years, but was unusually widespread among developing countries and economies in transition. Developing countries as a group were expected to grow by almost 6 per cent in that period.

33. The higher economic growth in many developing countries was due, in part, to improvements in national domestic policies, greater domestic demand because of more stable economies — and in some cases, more stable political conditions — and, in part, to an international economic environment that, for most developing countries was more favourable than at any period since the 1970s.

34. Financial flows to developing countries were increasing, as was official development assistance. Despite those improvements, the net transfer of financial resources from developing countries continued to increase — reflecting a build-up of foreign exchange reserves by several countries rather than debt-service payments as in the 1980s — raising the question of whether the international financial system could be reformed in such a way as to encourage the countries concerned to use the resources domestically in ways that would yield more tangible economic benefits.

35. Presently, a greater risk of a sudden and disruptive shock to the world economy seemed likely to stem from the large and widening global imbalances, in particular, the United States current account deficit was expected to rise to over $700 billion in 2005. As long as that deficit persisted there would be a risk of adverse reactions. Analysis and evidence to date suggested that the depreciation of the United States dollar alone was not sufficient to reduce the imbalances to sustainable levels. A more comprehensive and long-term set of measures was required. That could not be achieved without more concrete international economic coordination aimed at rectifying the imbalances. The present time presented an ideal opportunity to begin such corrective action, given the relative strong position of the world economy.

36. The current economic strength of many developing countries demonstrated that substantial progress was possible under the right domestic and global economic conditions. Addressing the global imbalances should be seen as part of the long-term global development agenda. The more so, since any deterioration in the external environment stemming from global imbalances would negatively impact the immediate and long-term prospects of developing countries, including their efforts to achieve the internationally-agreed development goals.

37. **Mr. Panitchpakdi** (Director-General, World Trade Organization), noting that he had just returned from a meeting of trade ministers of least developed countries (LDCs) held in preparation for the sixth Ministerial Conference of the World Trade Organization (WTO) to be held in December, said that the issues under discussion were far from simple. First, the unprecedented growth seen in 2004 — with developing countries achieving a 31 per cent share in

world merchandise exports for the first time in 50 years, LDCs recording a 0.68 per cent share of world merchandise trade, their largest since the mid-1980s, and the world economy achieving unprecedented output expansion — was the result of commodity price cycles and might not continue in the coming years, particularly given the current high oil prices. Second, while China's emergence as one of the world's most important traders had impacted positively on world trade, particularly in terms of commodity prices and expansion in Asia, such developments were causing concern in areas such as textiles and energy. Third, even though — given the world economy's dependence on the United States economy — the latter's current 7 per cent trade deficit needed to be addressed, any reduction would also slow down the world economy and global expansion. Lastly, any progress on subsidies and tariffs in the Doha development agenda would create problems for small, vulnerable economies, as their level of protection would fall.

38. For the first time, trade negotiations were poised to achieve an unprecedented commitment by developed countries to eliminate export subsidies and domestic support. Discussions would also touch on tariff peaks and escalations, which had thus far prohibited commodity-dependent countries from diversifying their economies, market access, trade-related technical assistance, rules on preferential treatment, the special role of small economies, and related issues such as debt and finance. Following their meeting in Zambia, the least developed countries would be seeking a binding commitment on duty-free and quota-free access — one of the targets of the December Ministerial Conference; erosion of preference, accompanied by financial support from WTO, the World Bank, IMF and the United Nations Conference on Trade and Development (UNCTAD); a strengthened integrated framework in order to mainstream trade into poverty-reduction strategies (in that regard, WTO was working with the financial institutions in an effort to increase financial support, for example through the proposed aid for trade mechanism, which would be discussed at the next Doha development agenda meeting); and, lastly, WTO accession for more LDCs. Above all, they had asked WTO to coordinate with other key international organizations on issues such as trade, debt, finance and economic performance. Such coherent action was now being pursued and was part of the reforms under way in various institutions.

39. **Mr. Sarbib** (World Bank) said that although 2004 had seen an upward trend in economic growth, even in Africa, it was unlikely that the Millennium Development Goals would be achieved by 2015. The most distressing factor was that remedies did exist for all those problems — whether HIV/AIDS, the number of under-five-year-olds dying from preventable diseases or the number of women dying during pregnancy or childbirth.

40. In order to accelerate progress, poor countries and donors needed to take action in five key areas to: ensure that development efforts were country-owned and inclusive; improve the environment for private sector-led economic growth; scale up delivery of basic services by increasing the supply of health and education professionals, providing more flexible and predictable financing and building capacity; dismantle barriers to trade through an ambitious Doha Round, including agricultural reform and increased "aid for trade"; and double development aid in the next five years, while improving the quality of aid through better coordination and harmonization. While there had been progress in all five areas, he hoped that the Group of Eight (G-8) summit in July would confirm the proposal to cancel the debt owed by 18 of the world's poorest nations to international institutions such as the World Bank and signal the start of a comprehensive approach to debt. However, debt forgiveness must supplement, not replace, new development aid; long-term aid must therefore also increase.

41. Recalling the Secretary-General's comment that development challenges needed to be addressed with the same urgency as security, he said that business as usual was not enough. Basic services such as education, health care and literacy, taken for granted in rich countries, were often either unavailable or of a poor quality and expensive in poor countries. As such services were essential to achieving the Millennium Development Goals, more attention needed to be devoted to service delivery. There were three main hurdles in that regard: scaling up service providers, inter alia by establishing a global partnership to ensure that developing countries had access to trained medical personnel and creating a macroeconomic framework so that service providers could be hired at the necessary rate; ensuring sustained financing, with particular emphasis on predictable financing to encourage Governments to commit to long-term plans, and improving governance and accountability, to ensure

that extra resources resulted in more effective service delivery. In many countries services needed to be delivered by the public sector. While the World Bank's Education for All Fast Track Initiative (FTI), whereby donors promised increased aid to poor countries that drew up serious primary education plans, had enjoyed some success, most wealthy countries had yet to make good on their promises. Without such financing, poor countries were reluctant to commit. The success of FTI in several countries, such as Nicaragua and the Gambia, should, however, encourage the international community to continue in that direction.

42. He emphasized the need to focus not only on HIV/AIDS, but also on other diseases such as malaria, for together they cost African countries between 2 and 3 per cent of gross national product (GDP) each year. Stopping or reversing such diseases would therefore have clear human and economic benefits. In that regard, the World Bank had just launched the Global Strategy and Booster Programme to help developing countries make faster progress on combating malaria.

43. For economic growth to have a real impact, the international community needed to focus on service delivery and ensure that growth equalled job creation and that poverty-reduction strategies were inclusive and well adapted to the realities of the country concerned.

44. **Mr. Fortin** (United Nations Conference on Trade and Development) said that all regions had enjoyed high, if varying, levels of growth in 2004 and important steps were being taken to create an international environment that would support the development efforts of developing countries. Such developments reflected growing acceptance of the need to increase concessional development assistance to developing countries.

45. Growth in developing countries was essentially the result of increasing global demand, particularly from China, and the strong United States economy; that was particularly visible in Africa. However, the average growth rate in Africa masked considerable differences in country performances. Only 13 African nations (about two thirds of which were oil exporters or recovering from a very low base) had recorded real output growth of over 5 per cent in 2004, while the vast majority had fallen short of the 7 per cent needed to attain the Millennium Development Goals. Any significant slowdown in the world economy could set back the performance of Africa, Latin America and many Asian countries. Such a scenario could not be dismissed given the current high oil prices and the current account imbalances affecting the United States. Moreover, even if present trends continued, some parts of the world would simply not reach the growth rates needed to achieve the Goals within the envisaged time frame, hence the need for a substantial increase in external resource availability.

46. The G-8 debt relief proposal needed to be expanded to cover more countries and more types of debt and supplemented with substantial progress on trade and a significant increase in official development assistance (ODA). Having long called for a doubling of assistance to sub-Saharan Africa for some time, UNCTAD was pleased that that approach had now become part of generally accepted wisdom on development cooperation. The way forward on trade had already been spelled out repeatedly, including in the Doha programme of work; what was needed now was the political will to apply those recommendations. The wider development agenda, meanwhile, was an area of concern. While poverty eradication and social aspects such as health and nutrition were undoubtedly the most pressing issues, they were not the only ones. UNCTAD research had shown that different investment and growth strategies had different implications for the distribution pattern of growth benefits. It was therefore essential to identify development strategies that would put additional resources to good use. As noted in the Secretary-General's report (A/59/2005, para. 30) the Millennium Development Goals did not address the issues of particular needs of middle-income developing countries — which still faced formidable problems and had a right to international support — and inequality, both of which were key issues. A development model that generated inequality was not only politically and socially unstable, but also economically less efficient than one that promoted equality. Moreover, inequality bred social unrest, violence and terrorism. Development strategies needed to speed up investment and growth and generate employment. While market forces and the private sector must direct strategies, they must be supported by an active, effective, efficient and honest public sector.

47. Quoting Joseph Stiglitz, he said that there was a need for a modern industrial policy characterized by market-friendly but decisive policy interventions aimed at steering investment and accumulation in the right

direction. According to Stiglitz, such policies and strategies should be guided by a national, country-specific vision of where the economy should be going. However, if national Governments were to assume control of their own development destinies, they should be able to use a range of policy instruments to devise and implement their chosen development strategies — an issue known as policy space. The call for consideration of policy space was not a licence to renege on international commitments, but rather a call for the impact on the policy space of developing countries to be kept in mind when setting the agenda for future negotiations, implementing existing commitments and interpreting rules. UNCTAD was developing a programme of work aimed at relating the issue of policy space with the issue of policies to expand productive capacity and foster competitiveness in developing countries.

48. Given the importance of improved governance for successful implementation of nationally-owned development strategies, UNCTAD had discussed international governance (e.g. the coherence and transparency of financial, monetary and trading systems and the full and effective participation of developing countries in global decision-making) and national governance (e.g. economic governance, democratic institutions, freedom, peace and security, domestic stability, human rights, the rule of law, gender equality and just and democratic societies). A number of UNCTAD programmes also sought to improve economic governance, the importance of which could not be overstated. Indeed, according to a recent United Nations Development Programme (UNDP) report entitled "Democracy in Latin America", 56.3 per cent of respondents believed economic development to be more important than democracy, while 54.7 per cent would support an authoritarian regime if it resolved economic problems. Accelerated development was therefore not only relevant for humanitarian reasons, but also essential to safeguarding democracy, the rule of law and human rights in the long run. The United Nations had taken a decisive lead and should continue to guide the process.

49. **Mr. Munzberg** (International Monetary Fund) said that, in order to meet the Millennium Development Goals, it was essential to have sound policies in developing countries, a healthy global economy and adequate support from the developed world. Implementation was key. IMF stood ready to do its part. Even though global growth had reached 5.1 per cent and growth in sub-Saharan Africa had reached 5 per cent in 2004, more growth was needed to make real progress on poverty alleviation. Inflation, meanwhile, remained relatively subdued. The average inflation rate in sub-Saharan Africa was below 10 per cent in 2004, the lowest level in decades.

50. As noted at the most recent International Monetary and Financial Committee (IMFC) meeting, widening imbalances across regions and rising oil prices and oil market volatility had increased risks. There were also substantial gaps in growth between regions. The United States current account deficit had increased significantly in recent years while emerging Asian nations continued to run large surpluses. Vigorous collaborative efforts were required to address global imbalances and restore — and sustain — balanced growth, which was essential to effective poverty reduction. Developing countries needed to develop further their own poverty reduction strategies, carry out well-targeted structural reforms to boost competitiveness and productive investment, find ways to harness the benefits of foreign direct investment (FDI) and private sector activity, strengthen institutions and governance, and establish predictable legal and regulatory frameworks. Developed countries, meanwhile, needed to scale up their aid to low-income countries, as pledged in the Monterrey Consensus.

51. Welcoming the efforts by Member States to find ways to generate innovative sources of finance, he said that IMF would continue to assist poor countries in managing aid flows, strengthening their institutions and human resources, and managing their economic and financial policies. The Fund fully supported efforts to enhance aid effectiveness and reduce transaction costs by simplifying and harmonizing donor procedures and requirements for aid delivery, and encouraged donors to align their support more fully with country-led poverty reduction strategies. IMF would continue to provide financing to low-income countries, including at concessional rates, and was considering a new facility to help them cope with economic shocks. As for countries that did not borrow from IMF, his organization was looking at how it could do more to signal the strength of their policies to others.

52. While the Heavily Indebted Poor Countries (HIPC) Debt Initiative had significantly cut the debt of 27 countries, more could be done. IMF welcomed the

G-8 debt relief proposal and looked forward to early agreement by its members. Debt sustainability analysis and effective debt management would also be essential. Lastly, given the importance of trade for growth and poverty reduction, IMF supported early completion of the Doha Round. To help countries cope with the potential adjustment costs of trade opening, IMF offered financing under its Trade Integration Mechanism (TIM) and had stepped up surveillance of countries with potential trade-related vulnerabilities.

53. **Ms. Ndong-Jatta** (United Nations Educational, Scientific and Cultural Organization) stressed the importance of education in addressing development issues effectively. In particular, more resources needed to be invested in education at the primary, secondary and tertiary levels.

54. **Ms. Phumaphi** (World Health Organization) stressed the importance of looking at cross-cutting issues, strengthening health and education systems and protecting existing investment when addressing development challenges. Human capital needed to be sufficiently developed to drive development initiatives in all sectors. In that context, the goal of achieving universal primary education by 2015 might not be enough. She called for a more concerted and integrated approach.

55. **Mr. Munzberg** (International Monetary Fund), responding to a question from Mr. Nyongo (Kenya) on the best approach to debt relief, said that the recent proposal by the Group of Eight was a step in the right direction. However, since the IMF Executive Board was holding ongoing discussions on that proposal, he was not in a position to anticipate the outcome of the discussions.

56. **Mr. Delano** (Jamaica) asked the representative of IMF to elaborate on the Fund's proposed facility for coping with economic shocks.

57. **Mr. Munzberg** (International Monetary Fund) said that the facility was intended for those countries that did not wish or need to borrow from the Fund but still needed IMF to inform the outside community about their policies. Another proposal was the development of instruments with appropriate terms and conditions for low-income countries. However, both proposals were still under consideration by the IMF Board.

58. **Mr. Méndez-Ruiz** (Observer for Guatemala), said that jobless growth was an issue of crucial importance in Latin America. Half of the population in Guatemala was under 18 years of age and only one in ten had a formal job. The only options for such young people were either to emigrate or to join the illegal economy. Job creation was essential for the sustainability of the global economy and the achievement of the Millennium Development Goals.

59. **Mr. Boisard** (Executive Director, United Nations Institute for Training and Research (UNITAR)) said that UNITAR had been contributing to the implementation of sustainable development goals, particularly regarding poverty reduction, environmental sustainability and global partnership for development. In cooperation with the United Nations Human Settlements Programme (UN-Habitat) and other partners, it had begun broad consultations with governmental officials, local authorities, public and private partners, and civil society to prepare an international instrument that would clarify the roles, rights and responsibilities of all parties with respect to basic services. The outcome of two years of consultations was included in a report entitled "Access to Basic Service for All: Towards an International Declaration on Partnerships". The report had been welcomed and broadly followed by States.

60. UNITAR, in association with the World Bank, the International Finance Corporation and UNCTAD, had addressed the question of financing through a programme aimed at facilitating access to financing for subnational authorities, with particular emphasis on the training of local authorities in Africa, Asia, Latin America and the Central and Eastern European countries with transitional economies. The final objective was to combat poverty and to ensure a decent environment through broad public-private partnerships.

61. **Mr. Stiglitz** (Nobel Laureate in Economics, 2001), responding to a question from Mr. Fedorchenko (Russian Federation), said that, although it was not possible to predict if or when a crisis would occur, the fact that the United States economy was faced with high debt financed by low interest rates posed a significant risk to the global economy. Policies should be put in place, where possible, to change the massive imbalances in the United States caused by its macroeconomic policy. The present situation generated an enormous risk of exchange rate volatility, making it very difficult for developing countries in particular to

manage their economies. The imbalances also made it difficult for the economy to grow fast enough to generate the jobs needed. Since the reforms required would be slow to come into effect, individual countries would have to adjust their domestic policies, for example by shifting away from dollar savings, looking at wealth management and designing economic policies to insulate themselves against volatility. Capital market liberalization policies would also need to be re-examined.

62. **Mr. Sarbib** (World Bank), replying to a question from Mr. Ngasongwa (United Republic of Tanzania) said that the World Bank programme in many countries dealt supply-side constraints on different levels. At the policy level, it was trying to ensure an enabling environment for private investment, particularly national private investment, in order to create goods that could be traded. There was also increasing recognition of the need to have the right kind of infrastructure in place to ensure that goods could gain access to ports. The World Bank had placed renewed emphasis on investing in publicly financed infrastructure, particularly in Africa. It was equally important to ensure that ports and airports were efficiently managed.

63. Replying to a question from Mr. Raubenheimer (South Africa) on how best to reconcile the expected resource flows with governmental commitments to multi-year planning, said that while there was no one simple solution, the recent decision by the European Commission to move official development assistance closer to the 0.7 per cent target would help to provide resources that could be programmed in a more predictable manner. It was encouraging that such issues were being discussed in a systematic way and that a series of specific proposals had been made. They would need political support in order to be transformed into reality.

64. **Mr. Panitchpakdi** (Director-General, World Trade Organization), speaking in connection with the comments by the representatives of UNESCO and WHO, said that WTO supported human resource capacity-building efforts by training trade negotiators, who were essential in helping developing countries to adopt the most effective negotiating positions. In view of the success of those negotiators, he looked forward to the conclusion of the forthcoming Doha Round of trade negotiations. Under the Doha agenda, it was also planned that countries without manufacturing capacities or pharmaceuticals products would be able to access affordable medicine through a permanent amendment to the Agreement on Trade-Related Aspects of Intellectual Property Rights (Trips Agreement). Meanwhile, supply-side constraints could be relieved through investment in countries and pragmatic approaches to trade agreements, for example by making the rules of origin more flexible for certain areas where concessions had been given to developing countries.

65. **Mr. Fortin** (United Nations Conference on Trade and Development) noted that various speakers had emphasized the indivisibility of development, security and human rights during the course of the discussion. The Council could play an important role in exploring the implications of the linkages between those three elements and in translating them into a workable set of arrangements. The Secretary-General's proposed Peacebuilding Commission was perhaps one way forward.

*The meeting rose at 1.15 p.m.*